

# Corporate Plan

2006/07 – 2008/09



**Transport Ticketing**

● ● ● ● Authority

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## Statement of Corporate Intent

### Business definition

The Transport Ticketing Authority (TTA) was established in June 2003 specifically to:

- Manage the State's interest in the OneLink Transit (OLT) public transport ticketing contract; and
- Procure, deliver and manage a new public transport ticketing system for metropolitan Melbourne and regional Victoria on expiry of the OLT contract.

Our primary objectives are to ensure:

- That a world-class ticketing solution, based on smartcard technology, is delivered on time and on budget, and that it meets the needs of customers, transit operators and the Government.
- Continuous high performance of both the OLT ticketing system and the New Ticketing Solution (NTS), including achievement of ongoing value for money of the ticketing infrastructure and operations.

Our performance will be measured in three ways:

- Delivery of the NTS project on schedule and within budget, including roll-out of the solution to both metropolitan Melbourne and regional Victoria.
- Achieving a 'seamless' transition from the existing ticketing system to the NTS for customers and transit operators, within the constraints of a widespread technology upgrade
- Customer response to the smartcard solution – their assessment of its convenience, reliability and ease of use.
- Transport operators' confirmation that the delivered, rolled out and operating solution meets their requirements. The TTA has set a target of receiving this confirmation by mid 2008.

### Business targets

TTA has successfully achieved a number of its business targets:

- After a comprehensive and robust tender process, TTA entered into a contract for the development and operation of the NTS in July 2005. The \$494 million contract was awarded to the Keane Australia Micropayment Consortium Pty Ltd (Kamco).
- Following contract award, TTA and Kamco commenced defining the detail of the New Ticketing Solution, working closely with customers, transport operators and other stakeholders. This work (the 'solution requirements' phase of the project) was successfully concluded in 2006.
- One of Kamco's first tasks was to develop a software prototype of the solution, to prove that it will meet TTA and transit operator objectives. Kamco successfully delivered an 'end-to-end' technology prototype, which demonstrated that the software can handle the Government's proposed 'best value fares' concept.

The target for commencement of solution roll out is 2007. The TTA's performance in delivering a New Ticketing Solution that meets customer, operator and Government needs will be measured on the basis of:

- Customer acceptance of the NTS, as indicated by take up of smartcards, proportion of off-system reloads, patronage levels and farebox levels.

Following full implementation of the NTS, the TTA's solution delivery team will be ramped down and an Operations team ramped up.

The State will need to manage the contract with Kamco, monitor its performance, and manage some aspects of the operation of the ticketing solution. The financial and resource projections reflect the changing accountabilities and functions in accordance with current forecasts of project schedules and budgets.

## Corporate plan 2006/09

### 1. Introduction

The Government established the Public Transport Ticketing Body in June 2003, through an Order in Council under Section 14 of the *State Owned Enterprises Act 1992* (SOE Act). It was established expressly to:

- Manage the State's interest in the OneLink public transport ticketing contract; and
- Procure and manage an amended or new public transport ticketing system.

The Public Transport Ticketing Body operates as the Transport Ticketing Authority (TTA). TTA has prepared this corporate plan broadly in accordance with the SOE Act and the Department of Treasury and Finance's (DTF) *Corporate Monitoring and Governance Guide for Government Business Enterprises* (July 1998).

#### 1.1. TTA vision

A world class ticketing and micro-payment solution for a world class city

#### 1.2. TTA mission

TTA's mission is to deliver an effective and reliable new ticketing solution that meets and even exceeds the needs of customers, public transport operators, and Government. We will do this by delivering for all Victorians a 'world class' fare payment solution that:

- Customers trust
- Increases transport operators opportunities to enhance service value and their efficiency
- Enables policy flexibility for Government; and
- Provides a valuable platform for future services

## 2. Operating environment

### 2.1. Government priorities

*Growing Victoria Together* expresses the Victorian Government's broad vision for the future. It includes an ambitious target for increasing public transport use in Melbourne as a proportion of trips taken by motorised transport to 20% by 2020. The Government's comprehensive plan for the management and development of Melbourne's transport system, *Meeting Our Transport Challenges*, includes the key principle of promoting greater use of public transport.

The public transport ticketing system has an important role to play in meeting the Government's objectives for growing and linking all of Victoria. In its policy "Connecting Victorian Communities", the Government made a commitment to develop a new smartcard-based ticketing system to replace the current Metcard system when the OneLink Transit (OLT) ticketing contract expires in 2007.

The New Ticketing Solution will improve the attractiveness of public transport. It will be simple and easy to use, increasing the accessibility of public transport for all Victorians, including those with disabilities. It will operate across metropolitan Melbourne, regional Victoria and all forms of public transport, making it easier for regional customers travelling to Melbourne to transfer to the metropolitan transport system on their arrival. It will collect improved patronage and transport usage data. This will provide a sound foundation for planning for future transport service needs, and help to ensure the best return from the Government's ongoing investment in public transport infrastructure and services.

### 2.2. TTA roles

TTA exists to manage the existing OLT ticketing contract until that contract ends, and to procure and manage the New Ticketing Solution (NTS). This entails several integrated activities:

- Overseeing the management of the OLT ticketing contract
- Resolving policy issues and design choices relating to the NTS
- Designing and developing the NTS
- Installing the new ticketing equipment
- Card distribution and banking scenarios
- Effective customer migration
- Ongoing management of the NTS contract; and
- Rigorous management of risks.

#### Managing the OLT ticketing contract

Throughout the development of, and transition to, the New Ticketing Solution, TTA must ensure that the existing ticketing system continues to perform. TTA uses Metlink as its agent for the day-to-day management of the OLT system. TTA oversees Metlink's management of OLT, to ensure the existing system maintains consistently high standards of performance, and is under tight control in preparation for the complex process of transition to the new solution.

To facilitate a smooth transition to the NTS, TTA negotiated a major amendment to the OneLink agreement, which provides for usage of the Onelink system to be extended and modified as needed during the transition process.

## Policy decisions and design choices

The introduction of a new transport ticketing solution involves a large number of policy decisions regarding the design of the ticketing solution, the strategy for transition from the existing to the New Ticketing Solution and future fare structures. TTA works closely with the Public Transport Division of the Department of Infrastructure, and other Government agencies, to resolve these policy issues by providing advice on technical and customer-related aspects of the ticketing solution.

## Design and development of NTS

TTA entered into a \$494 million contract with the Keane Australia Micropayment Consortium Pty Ltd (Kamco) for the development of the NTS in July 2005.

TTA is working with Kamco to progressively build and configure the NTS. The contract incorporates an outcome-based approach designed to place the onus on the contractor to deliver a solution that meets stakeholders' business needs. TTA must continue to manage its commercial relationship with Kamco effectively to ensure that the responsibility for delivering a 'fit for purpose' solution remains with Kamco.

Numerous check points have been built into the project's program to ensure that the solution is delivered on a timely basis and works as intended. TTA's delivery team will monitor and undertake quality assurance compliance and ergonomic testing, as well as commissioning of pilots and rollouts planned for Victoria.

## Installation of new ticketing equipment

Kamco is responsible for installation of the NTS equipment on railway stations, bus interchanges and tram superstops throughout Victoria. TTA is collaborating with Kamco on strategies to optimise the locations of new and existing ticketing equipment during the transition period, and helped Kamco to negotiate access agreements with the transit operators to allow works to be undertaken.

Equally critical will be a smooth transition from the existing system to the new solution. This will be a complex logistical exercise, requiring close collaboration and cooperation between the TTA, Kamco and the transit operators.

## Card distribution and banking services

Large numbers of smartcards must be issued during the transition from the existing system to the New Ticketing Solution. TTA is responsible for developing and implementing strategies for bulk issuance of smartcards during transition and for the issuing of concession cards and travel passes.

TTA is also responsible for recruiting and managing the network of retail agents required to support the new smartcard micro-payment system. 'Metcard' tickets are sold through a network of retail agents, as well as from vending machines on trams and at train stations. The current retail network is managed by Metlink, on behalf of the TTA. The shift from Metcard tickets to a stored-value smartcard fare payment solution will significantly change the retail environment.

The NTS will also require a range of specialised transaction banking services. Kamco, as the operator of the NTS, will have a role in various transaction processing and settlement activities. However, the TTA is responsible for contracting the specialised banking services required to support the smartcard micro-payment system.

## Effective customer migration

Customer acceptance and take up of smartcard ticketing will be critical to the success of the NTS. TTA has a key role to play in engaging customers and building their trust in the new solution, and to encourage early trial and adoption of smartcards. TTA is responsible for developing customer education and communications campaigns to provide customers with the information they need and encourage take up of NTS smartcards.

## Ongoing management of NTS contract

Once the NTS is rolled out, the TTA will continue to manage the State's interest in the NTS contract. TTA must ensure that Kamco meets its contractual obligations to deliver high levels of performance, and work with Kamco to rectify any issues that emerge. It must manage processes for card issuance, and continue develop and manage the retail agent network. It must also manage relationships with customers, monitor take of up of smartcards, and develop ongoing customer education and communications campaigns as required to ensure high levels of smartcard take up. It must also manage the funds pool. There may also be scope, in the future, to negotiate development of potential non-transit applications of the NTS with prospective partners.

## Management of risk

Risk is inherent in TTA's activities. The NTS project's timelines are challenging. TTA continues to give a high priority to systematic and integrated management of risks that may adversely affect the operation of the existing ticketing system, or the delivery and operation of the New Ticketing Solution. TTA's corporate systems, including its Program Management Office, support a rigorous risk and resource management regime, and help to retain and grow corporate knowledge and expertise.



### 3. Corporate governance

TTA's governance arrangements reflect its role in procuring and managing the NTS. They promote focused project delivery and effective risk management, while allowing flexibility to adapt to the evolving role of the TTA as the NTS project progresses.

#### 3.1. Corporate status

The Public Transport Ticketing Body (which operates as the Transport Ticketing Authority) was established as a special purpose State Body in June 2003, by Order in Council under section 14 of the SOE Act.

This corporate structure ensures that the NTS project is overseen by a small, highly focused and experienced Board and management team. It provides a single point of accountability for the project, while the Government retains a high level of visibility.

Given its 'transitional' State Body status, the TTA undertook a preliminary review of its corporate form during Q1 2006 and concluded that it was appropriate for its current role and obligations. Nevertheless, the TTA proposes to review its corporate form from time to time, in consultation with Government, to ensure that it remains appropriate to TTA's evolving role and functions.

#### 3.2. Ministerial responsibility

The TTA reports to the Minister for Transport (the "Relevant Minister" in the SOE Act ) for transport policy matters and the Treasurer (the "Responsible Minister" under the SOE Act ) for matters pertaining to the Act.

Policy direction on ticketing and related issues is provided by the Minister for Transport. The Minister for Transport convenes a meeting of ministers, including the Treasurer and the Minister for Information and Communication Technology, to provide broad-based policy input.

#### 3.3. TTA Board

The TTA Board comprises:

- Prof. Michael Pryles – a commercial and corporate lawyer, with an international arbitration practice
- Peter Harris – Secretary of the Department of Primary Industries, and former Director of Public Transport
- Christine Gibbs – a senior statutory authority officer with substantial marketing and communications expertise.

In addition, a senior manager from DTF attends most Board meetings as an observer.

The Order in Council establishing the TTA sets the maximum number of directors at five. The TTA's business model benefits from the flexibility afforded by having just three Board members, and in particular, from their depth and continuity of TTA corporate knowledge. Nonetheless, it is envisaged that the number of Board members will eventually increase to encompass expertise in the new aspects of the micro-payments solution being delivered.

The Board has established an Audit Committee, whose charter includes:

- Reviewing statutory and other financial information provided by TTA to Ministers
- Reviewing the effectiveness and efficiency of TTA's internal control environment, operations and financial management
- Overseeing TTA compliance with applicable laws and regulations
- Overseeing the effective operation of TTA's risk management framework

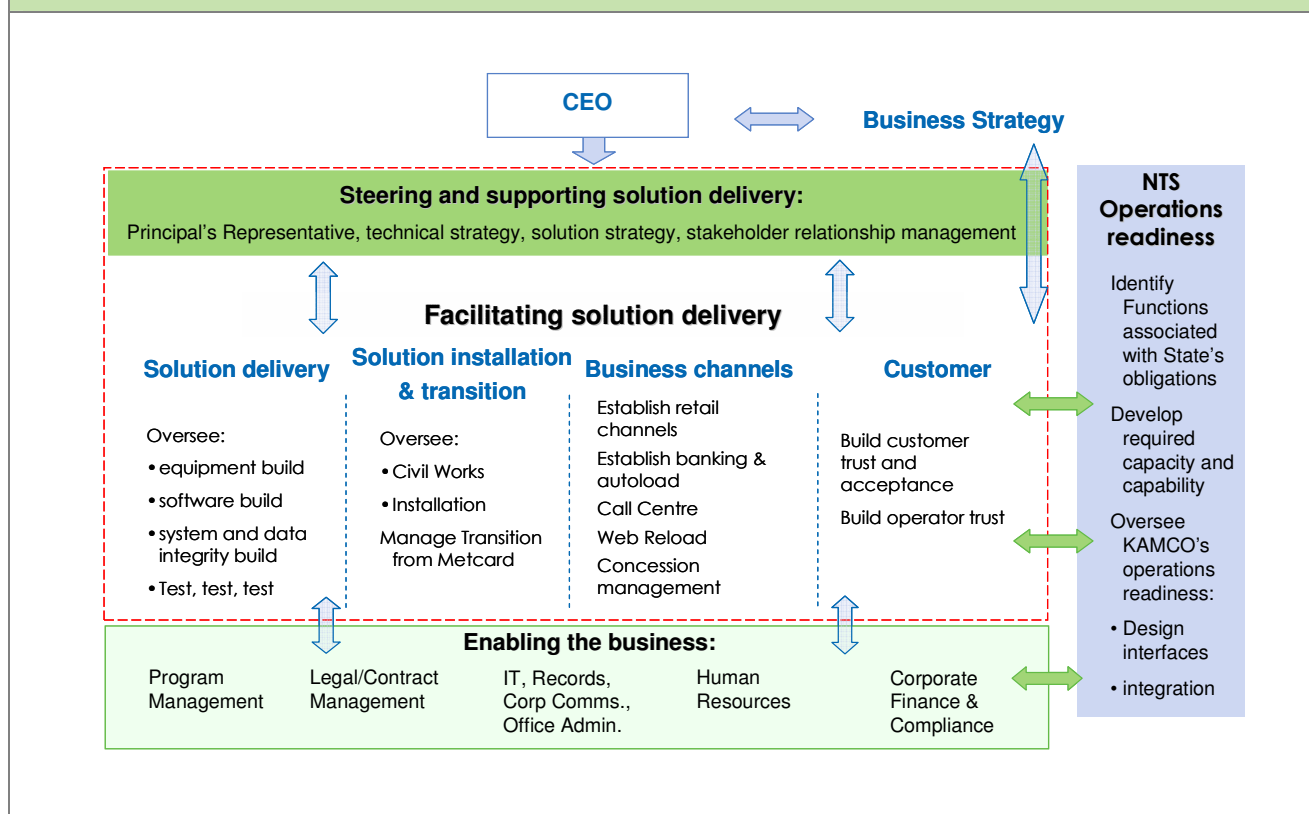
## 3.4. Chief Executive and senior management

The Chief Executive Officer, Vivian Miners, leads a small executive team. From June 2006, the TTA has restructured accountabilities to focus renewed emphasis on 'delivery' against the TTA's objectives and targets. As part of this restructure, it has created new leadership groups and cross-functional project management groups to empower delivery and integration of the NTS solution.

At the same time as the NTS solution is being delivered, the organisation will be preparing for the NTS Operations Phase, so that the complex and integrated elements of the NTS functions all operate seamlessly from the outset, and the State's obligations under the contract and regulatory frameworks for the micropayments infrastructure are met.

The key functions of the teams within the organisation are shown in the following diagram.

Figure 1: TTA functional structure for Solution Delivery Phase



The Chief Finance Officer and Corporate Administrator (CFO) reports to the General Manager – Operations. The CFO is responsible for ensuring sound financial management and corporate compliance. These roles incorporate the statutory and management accountabilities of the Chief

Financial Accountable Officer, administration of corporate contracts, and statutory corporate compliance and reporting generally.

### 3.5. Statutory and regulatory compliance

The TTA's operations are governed by the following legislation and regulations:

- State Owned Enterprises Act 1992 (SOE Act)

The SOE Act establishes TTA's corporate structure and governance and related reporting requirements.

- Financial Management Act 1994 (FMA Act) and Audit Act 1994

The FMA is supported by Standing Directions of the Minister for Finance and Financial Reporting Directions, to set the framework for best practice, transparent financial management, reporting and accountability of public resources. In addition, TTA's financial reporting is framed by the Australian equivalents to the International Financial Reporting Standards (A-IFRS), Australian Accounting Board's Standards and Consensus Views of the Urgent Issues Group.

The Audit Act sets the content and timeframes for auditing of TTA's financial statements, affairs and management.

- Whistleblowers Protection Act 2001

TTA does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct. TTA has established a Support to Whistleblowers policy, which establishes procedures for reporting disclosures of improper conduct or detrimental action by TTA or its employees.

- Occupational Health and Safety Act 2004 (OHS Act)

TTA is in the process of formalising development of its policies and procedures to address its obligations under the OHS Act.

- Freedom of Information Act 1982 (FOI Act)

The FOI Act provides for members of the public to obtain information held by the TTA. TTA has received several FOI requests. These have been and are currently being handled accordance with the framework and timeframes prescribed under the FOI Act.

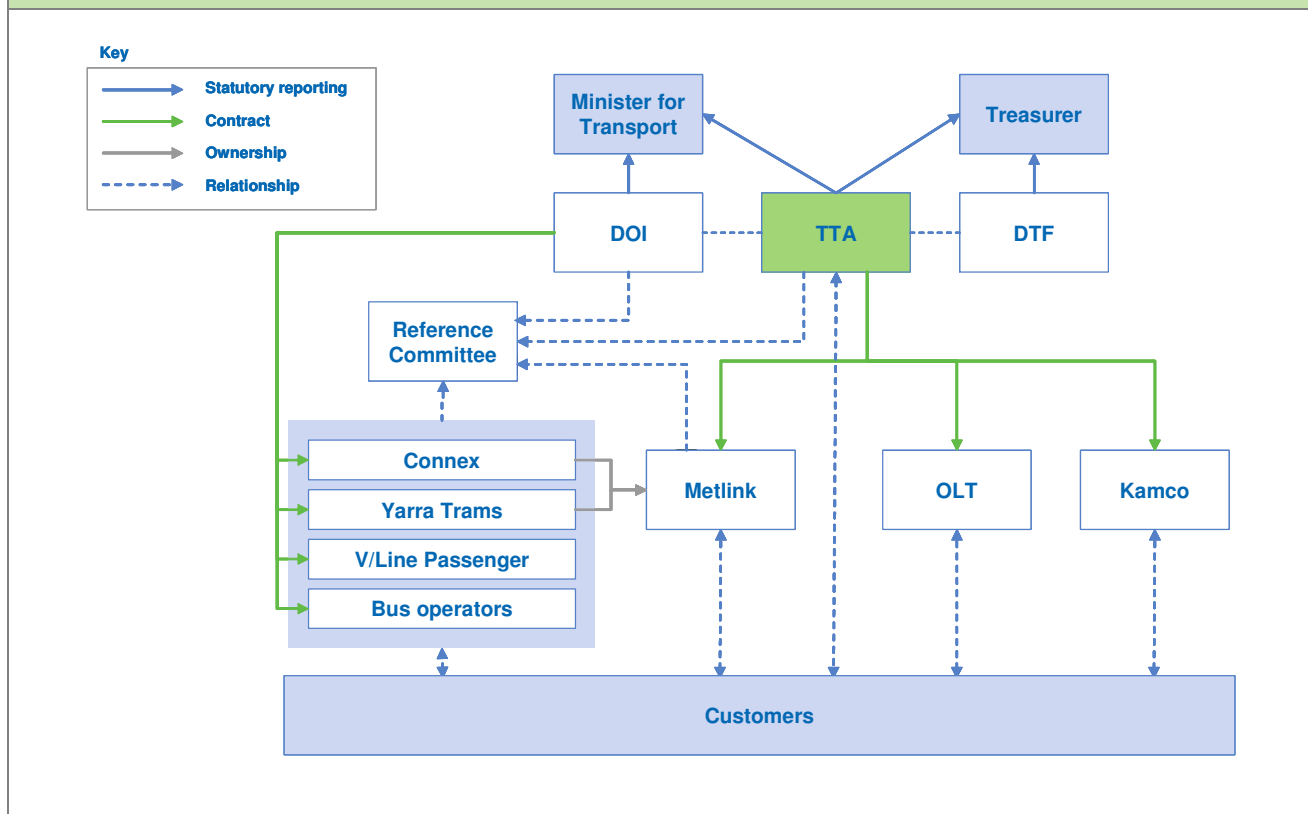
- Superannuation Act 2003

The TTA used the implementation of amendments to the Superannuation Act regarding choice of fund as the trigger for providing its employees with an independent appraisal of the default fund against market alternatives. It set in place a program for meeting its obligations and communications with staff in this regard.

### 3.6. External operating environment

The TTA operates within a complex institutional and stakeholder environment. This is illustrated in the diagram below.

Figure 2: Stakeholder environment



#### 3.6.1. Departments

The TTA works closely with the Department of Infrastructure (in particular, with the Public Transport Division), the Department of Treasury and Finance and the Department of Premier and Cabinet, to ensure it meets the Government's objectives.

The Department of Treasury and Finance and the Department of infrastructure are responsible for monitoring the ongoing performance of the NTS project, to ensure effective use of resources and successful project delivery.

The Director of Public Transport Division has statutory responsibility for the provision for public transport services. The Public Transport Division is responsible for the public transport farebox, sets fare policy, and monitors the performance of the public transport franchises.

The TTA is committed to working with the Department of Treasury and Finance and the Department of Infrastructure to ensure that it provides essential information in a timely, productive and efficient manner. The TTA has nominated members of its Executive Team as points of liaison, and has developed structured communication forums with these Departments.

### 3.6.2. Public transport operators

Train, tram and bus services operate under contract with the State Government through the Director of Public Transport.

The transport operators play a role in the operation of the current OneLink ticketing system. This includes ticket sales, scheduling of ticketing equipment maintenance, cleaning of ticketing equipment and fault reporting.

A Project Reference Committee has been established to oversee effective and ongoing commitments with the Operators at an executive level, and to discuss and resolve any system-wide policy and operational issues affecting the public transport operators. The Reference Committee is chaired by the Director of Public Transport. Its membership includes senior executives from the train and tram franchise holders, and a representative of the bus operators.

Each operator has appointed a full-time project manager responsible for liaising with the TTA, providing access to infrastructure and rolling stock, and assisting with transition and implementation programs associated with the NTS.

The TTA has appointed managers with specific responsibility for liaison with each of the four public transport modes: metropolitan train, regional train, tram and bus.

### 3.6.3. Metlink

Metlink was established in April 2004, to handle network-wide functions requiring cooperation between the public transport operators. It is owned by Connex and Yarra with equal shares.

Metlink provides services to the Director of Public Transport under the Metlink Services Agreement. These services include: marketing services, customer services revenue collection and distribution, collection of data and information of matters such as patronage and customer origin-destination, revenue protection strategies and fare evasion surveys.

The TTA has appointed Metlink as its agent in administering the OneLink ticketing contract. This arrangement is set out in the OneLink Management Agreement. TTA works closely with Metlink on marketing and communication campaigns.

### 3.6.4. Customers

The needs of our customers – Victoria's public transport users – are at the heart of our activities.

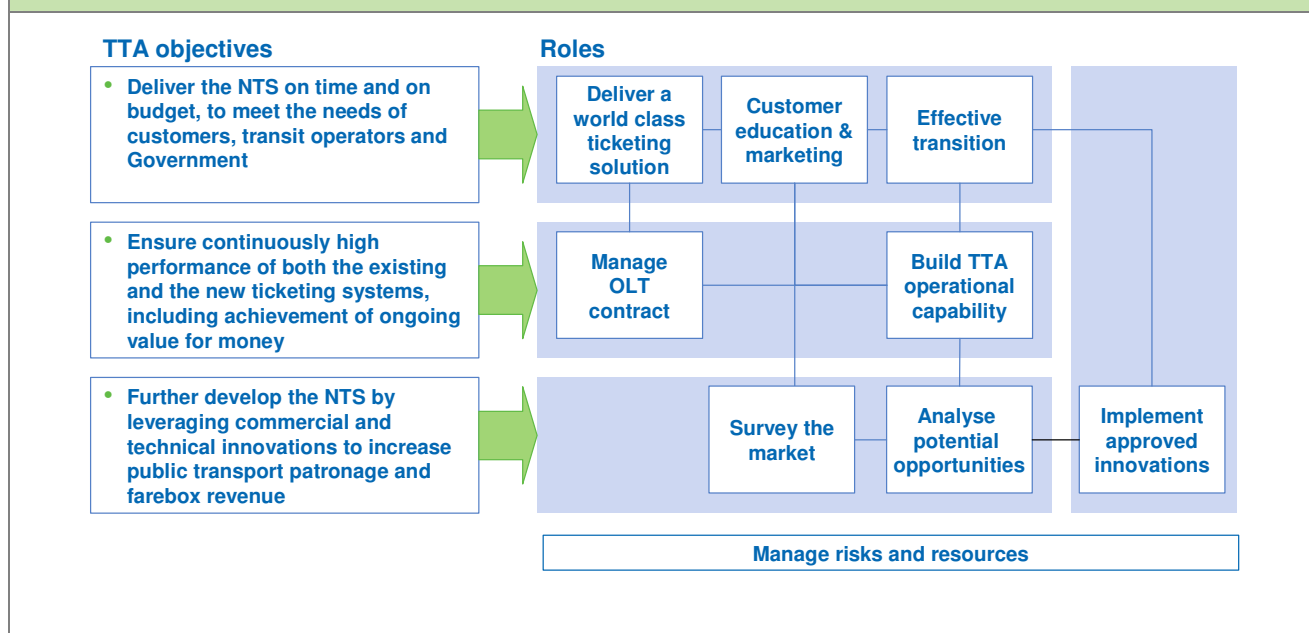
Our customers comprise existing metropolitan Melbourne and regional Victorian public transport customers, potential public transport customers and customers who will potentially use the NTS micro-payment infrastructure for non-transit applications. They fall into distinct demographic profiles, each with different attitudes and behaviours.

TTA undertakes market research and consultation to understand the needs and views of its customers.

## 4. NTS project and corporate strategies

In line with TTA's roles and objectives, its corporate and business strategies for the outlook period focus primarily on the successful delivery and operation of the NTS. TTA has adopted several interlinked strategies to achieve its objectives. These are illustrated in the Figure below.

Figure 3: TTA objectives and strategies



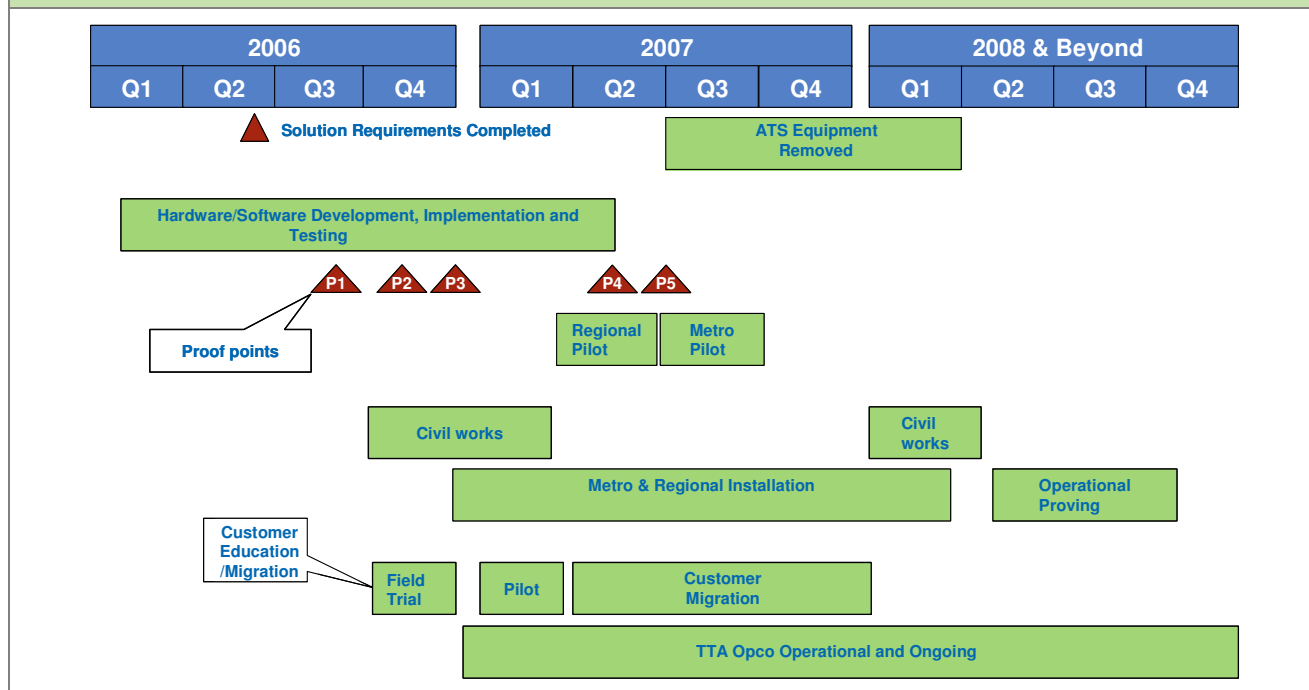
### 4.1. Deliver a world class ticketing solution

TTA was formed in 2003. Its first year of operation was focussed on developing the business case for Victoria's New Ticketing Solution, Government reviews and approvals, and developing the Request for Tenders. Its second year, 2004-05, was intensively focussed on the tender evaluation. Following a strong response from the international ticketing supply industry, the tender process was concluded in July 2005 when the Premier announced that the TTA would enter into a contract with the Kamco to develop, implement and operate the major components of the New Ticketing Solution over the next twelve years.

The TTA sets very high targets; a world class solution within a world's best timeframe.

The timelines for the design, delivery and implementation of the NTS are illustrated in the figure below. The design and delivery phases of the NTS project have now commenced. During this phase of the project, TTA aims to ensure that Kamco delivers a world class ticketing solution, through completing the definition of detailed requirements, quality assurance, testing and commissioning. Our performance will be measured by whether Kamco completes its deliverables on time and supplies a solution that is deemed to be 'fit for purpose'.

Figure 4: NTS Project timeline



## Achievements

### Completion of solution requirements phase

The NTS project agreement requires Kamco to document the detail of the entire New Ticketing Solution at the outset of the project. This includes definition of the business processes, business rules and system requirements, and development of the detailed transition plan, the master program and all subcontracts.

Kamco submitted a large volume of detailed technical and legal documentation to TTA in December 2005. TTA and the transit operators subsequently put a significant effort into reviewing this documentation, and ensuring that all requirements are comprehensively documented and understood.

### System development and integration

Solution design and build is progressing. Kamco has adopted an integrated and phased software development and integration approach, which enables incremental verification and testing in parallel with further development. TTA is confident that this approach will ensure the delivered solution meets its objectives.

One of Kamco's first tasks was to develop a prototype of the solution to prove that it will meet TTA's objective. Kamco has successfully delivered an 'end-to-end' technology prototype, which demonstrates that the solution is capable of handling the Government's proposed 'fair fares' concept. This milestone has been achieved at a much earlier stage than in comparable smartcard ticketing projects interstate or overseas, which reduces overall project risks and increases visibility and bona fides in overall project delivery. Pre-production factory acceptance tests of the ticketing equipment are presently underway at the Berne factory of Kamco's sub-contractor ACS.

## *Installation of new equipment*

Physically installing the new ticketing equipment and networking capability on railway stations, bus interchanges and superstops throughout Victoria is a complex logistical task. The complexity is increased by the need to install new equipment adjacent to the existing equipment while ensuring that both function properly. Over the past six months, TTA has worked with Kamco to develop a strategy for optimising the location of new and existing ticketing equipment during the transition period, and helped to Kamco to negotiate access agreements with the transit operators to allow works to be undertaken. The Access Agreements have now been executed.

## *Transaction banking services*

The NTS will require a range of specialised banking services. TTA is responsible for procuring these, although Kamco will have an operations role in various transaction processing and settlement activities. The Victorian Government has a whole-of-Government contract for transaction banking services. The TTA has held discussions with the whole-of-Government service provider regarding provision of banking services for the NTS.

## *Implications and issues for 2006-09*

### *System integration and testing*

With the solution requirements definition phase of the project now complete, Kamco and the TTA have a firm foundation for proceeding. Integration testing will be undertaken progressively through the solution's development. The early software releases are due to be tested in Kamco's integrated testing facility in Melbourne during 2006. TTA will continue its testing and quality assurance compliance monitoring programs throughout the design and delivery phases of the NTS project.

It is currently envisaged that a pilot system is scheduled to be tested in regional Victoria in 2007. This will provide further opportunities for testing of the fully integrated solution – together with associated card distribution and customer support services – in a carefully managed and controlled environment. Only when the pilot is fully tested and operating satisfactorily, will the system be rolled out to the rest of Victoria.

### *Installation of new equipment*

The transition to the NTS will involve rolling out the new equipment, operating both the new and old systems in parallel, and then decommissioning the OLT equipment. The civil works required for installation of the NTS equipment could not be priced within the NTS contract, as it was not possible for Tenderers to scope the works in the absence of a firm transition plan (a key deliverable of the solution requirements phase). During 2006, TTA and Kamco will aim to settle the appointment of civil works contractors by Kamco.

### *Banking and financial regulations*

During 2006/07, TTA will continue the exploration and resolution of regulatory requirements relating to operation of a stored value smartcard.

## **Risk Avoidance**

TTA will

- Test, test, test: and continue its testing program throughout the development and delivery phase of the project, to ensure the solution ultimately delivered is proven before it is rolled out to Victoria
- oversee Kamco's implementation of the detailed plan for transition to the NTS, including roll out of new equipment and decommissioning of the existing OLT equipment, and manage



the corresponding interfaces impacting on the TTA, ensuring minimal disruption for customers and operators

- continue to foster constructive relationships with transport operators through regular Reference Committee meetings and close liaison at operational levels

### Performance indicators

Indicator	Target
Start pilot testing	First half of 2007
Start roll-out of NTS	Second half of 2007

## 4.2. Build trust and acceptance

The success of the NTS will depend on the extent to which the new solution is accepted, embraced and trusted by the people of Victoria, and the level of support for the NTS within the broader stakeholder community.

Stakeholder acceptance of the NTS will depend in part on the technical attributes of the NTS equipment and systems. TTA is working with transport operators, customers and special interest groups to ensure that their specific needs are taken into account in the detailed design of the solution. However, stakeholder acceptance of the new solution will also be driven by their experience of using it. Implementing a smartcard ticketing system involves significant behavioural changes. Communications, education and marketing initiatives have an important role to play in building trust and acceptance.

### Achievements

#### *Designing the solution to meet stakeholder needs*

Public transport operators and customers have taken a keen interest in the development of the NTS. The TTA has invested considerable effort in a comprehensive consultation program aimed at ensuring that the NTS balances the needs of all stakeholders. During 2005-2006, TTA and Kamco have worked closely with customers, transport operators, special interest groups and other stakeholders to develop the detail of the solution.

TTA has held a program of in-depth workshops with transport operators to ensure that their specific needs, procedures and issues are taken into account in the detailed business process, business rules and system requirements. Regular project briefings for the CEO's of the transit operators and Metlink have assisted in timely identification and resolution of commercial and strategic issues and opportunities. TTA's effort has been rewarded with productive cooperation from transit operators and Metlink

TTA is committed to providing a New Ticketing Solution for all Victorians – including those who may have special needs relating to public transport ticket purchase and use. During 2005-06, TTA continued its program of consultation meetings with special interest groups. Meetings were also held with Disability Access and Rural Access officers throughout Victoria

#### *Communications and customer education*

Detailed planning for the communications of the New Ticketing Solution commenced in 2005-06. A major 'customer profiling' study has provided further insights into benefits and potential barriers to usage of standard smartcards for different customer groups. This will be used to help TTA communicate effectively with different customer types, and address their specific needs and

concerns. Pilot Customer Attitude Tracking surveys have been successfully completed. These will allow TTA to monitor the success of its customer education and communications campaigns in building customer acceptance of, and confidence in using, the NTS.

As part of the broad customer migration program, the TTA embarked on community-focused education. Interactive discovery suites, which will allow the people of Victoria to experience the ticketing solution prior to its roll out, will form a key element of this program. Design and build of the Discovery Suites is underway. One suite will be placed in a central business district location. A mobile suite will travel throughout Victoria to schools, community groups and events.

TTA has undertaken extensive strategic analysis and market research on the proposed brand name and positioning strategy for the NTS smartcard. The brand strategy aims to foster trust in the NTS and a reputation for ease-of-use, in order to position smartcards as 'must have' commodities. This should result in high levels of take-up of smartcards, use of cost-effective card distribution and value re-load channels, and – ultimately – increased public transport patronage. The Premier was complimentary about the quality of the work underpinning the proposed strategy and brand name. The Cabinet Communications Committee has formally approved implementation of the strategy, and the launch of the brand.

## Implications and issues for 2006-09

### *Working with transport operators and Metlink*

Productive relationships with public transport operators will remain critical as the NTS project progresses. Our ultimate aim is for transport operators to embrace the system, so that they become positive advocates for the NTS. TTA has received support and cooperation to date and will endeavour to maintain effective and efficient collaboration with the public transport operators throughout the development and implementation of the NTS. To ensure that consistent messages are delivered to customers, TTA will continue to work in concert with Metlink to deliver on our mutual objectives of increasing public transport, combating fare evasion and advocating positive public transport messages.

### *Implementation of the customer migration strategy*

The next phase of the customer research program will include a choice modelling study. This will help TTA to assess the importance of design choices such as the cost of smartcards, and availability of fares on disposable smartcards. Regular surveys to monitor customer attitudes and perceptions have commenced, and will continue throughout the delivery and implementation phases. The data collected will be used to carefully tailor and target the major program of education and information campaigns planned to support the rollout of the NTS. Public awareness of the NTS will be boosted significantly with the launch of the brand name for the NTS smartcard, planned for Q3 2006.

## Commitments

TTA will:

- Maintain close working relationships with public transport operators to ensure alignment of efforts and efficient collaboration throughout the design, development and implementation of the NTS
- Deepen its understanding of customer needs, attitudes and behaviour, and track customer attitudes and trends, as the basis for developing and implementing carefully customised and targeted education and information campaigns to support customer migration to the New Ticketing Solution; and
- Implement its strategy for creating the best brand environment for the NTS smartcard.

### Performance indicators

Performance indicator	Target
Operator commitment to the NTS and cooperation	Internal and external commitment to NTS.
Acceptance of NTS by with peak bodies representing people with disabilities	Mid-2008
Customer attitudes to NTS, as measured by customer surveys of a representative sample of customers	Target to be determined - ongoing
Customers knowledge of how to use the smartcard ticketing system, as measured by customer surveys of a representative sample of customers	95% of customers know how to use the NTS by mid-2008
Customer take up of smartcards	Target % to be determined
Positive customer response to NTS following rollout to regional Victoria as measured by customer surveys of a representative sample of customers	As measured after 6 months from roll out
Positive customer response to NTS following rollout to metropolitan Melbourne as measured by customer surveys of a representative sample of customers	As measured after 6 months from roll out

### 4.3. Card issuing and retail distribution

The ease of card purchase and value reload will affect customer's experience of the NTS. TTA needs to establish processes for card issuing prior to the rollout of the launch of the NTS. TTA will also need to establish effective distribution channels for sale of cards and value-reload. There will be a wide range of channels available for NTS which include auto-load, web, call centre, vending machines and retail. Together with Government, TTA will seek to optimise customers' usage of the available channels to both maximise customer acceptance of the Solution and also minimise the long term distribution costs. As such, the retail channel remains an important element of the distribution mix but is a more expensive channel given the investment in on-system infrastructure.

The NTS will provide a range of easier and more cost effective "new" channels. For the retail channel to be useful and beneficial it must offer convenience for customers and commercial value for the retail partners. However, the commercial arrangements to be established will also have implications for the future development of non-transit applications of the NTS, and hence the scope to deliver additional value for money for the State from its investment in the micro-payments infrastructure.

## Achievements

During 2005/06, TTA commenced development of a detailed strategy in relation to card distribution and re-load to ensure all channel costs were understood and appropriately costed. In addition a detailed retail card distribution and reload network strategy was developed. The Customer Migration strategy was also progressed and includes focused plans to encourage the take-up of the most customer friendly and cost effective channels. TTA has researched and analysed the most appropriate and efficient retail network to support card distribution and value re-load – taking into account customer convenience, technical feasibility and the commercial value proposition for retailers and the TTA. It has also conducted initial market soundings with potential retail partners.

## Implications and issues for 2006-09

### *Definition of card issuing processes*

Large numbers of smartcards must be issued during the transition from the existing system to the New Ticketing Solution. TTA will develop and implement strategies to ensure that card issuing processes - including card purchase, registration, and personalisation - are in place in time to support the customer migration strategy. These strategies will also address issuing of new concession and free travel entitlements.

### *Establishment of retail channel*

The introduction of smartcard ticketing will significantly change the retail environment. The roles of retailers could include sale and distribution of cards, adding concession entitlements to cards, adding value to cards, registration of cards, personalisation of cards (including adding photographs), customer education, issuing refunds and – potentially – accepting smartcard payments for small purchases of non-transit goods and services. The TTA will need to define and establish its commercial relationships with retail partners in time to support the rollout of the NTS.

### *Leveraging the micro-payment infrastructure*

The NTS micro-payment infrastructure could also be used for a range of non-transit ticketing applications, such as payment for station car-parking, station vending, on-campus micropayments, and purchase of low-value goods and services. Leveraging the NTS micro-payments infrastructure to provide other Government and commercial applications offers scope to encourage take up of smartcards by infrequent users of public transport, and to deliver additional value for money.

During the outlook period, the potential development and exploitation of commercial rights and non-transit applications of the NTS will be analysed and negotiated with prospective partners, and may be implemented. TTA will ensure that the commercial arrangements for the retail card distribution and value reload transactions takes into account potential implications for future business development strategies.

## Strategies

TTA will

- Optimise the distribution channels to both maximise customer usage and minimise overall cost of delivery by linking both distribution channel strategy and the Customer Migration strategy
- Establish and maintain a retail channel that delivers convenience for customers and a commercial value proposition for both the retail partners and the TTA
- Ensure that card purchasing, registration and personalisation processes are in place, and cards are issued, in time to support the customer migration strategy

- Explore opportunities for the potential development and exploitation of commercial and other Government-related opportunities to increase customer take-up of smartcards

### Performance indicators

Indicator	Target
Complete research into distribution strategy to optimise overall channel cost and assess impact on customer usage and acceptance	Research completed by Q4 2006
Complete research into retail distribution network and analysis of results	Research completed by Q4 2006
Complete development of retail network strategy	Strategy completed by Q1 2007
Explore potential commercial and other Government-related opportunities to increase customer take-up of smartcards	Ongoing

## 4.4. Management of OLT contract

Customer acceptance of the NTS will be affected by the performance of the ticketing system during the transition phase. The reliability and availability of the NTS should be so high that customers don't need to think about it. The initially poor performance of the OLT equipment resulted in ongoing negative customer perceptions of that system. TTA will work with Metlink, OLT and Kamco to maintain high levels of performance of both the existing and the New Ticketing Solution during the transition phase, and a seamless transition from one to the other.

### Achievements

TTA instigate and oversee continuing improvements to the management of the Metcard system. Contractual 'customer defined availability' performance targets 2005-06. New ticketing policies and initiatives have been introduced and implemented smoothly. These have helped to improve customer satisfaction with the public transport service, and increase fare revenue collection.

During 2004-05, end-of-term contractual arrangements with OneLink were renegotiated to help ensure the smoothest practical transition to the New Ticketing Solution. A contract note has now been forwarded to OneLink under this Amending Deed to extend the current contract beyond March 2007. This extension provides for the existing contract and performance regime to be rolled forward, with a right to terminate on six months notice beyond March 2007.

### Implications and issues for 2006-09

Given the physical complexity of rolling out new ticketing infrastructure and decommissioning the existing equipment, some disruption will occur. To minimise this, it will be essential that the TTA works closely in tandem with the operators and Metlink to ensure smooth parallel running of both system and a trouble-free transition from the old to the New Ticketing Solution.

## Commitments

- TTA will continue to work cooperatively with its agent Metlink to ensure maintenance of high performance standards for the existing OLT ticketing system until that system is decommissioned

## Performance indicators

Indicator	Target
Customer Defined Availability (CDA) levels for existing OneLink system	Maintain current levels (99.7% CDA) to the start of the transitional period
Effective relationship with OLT	Weekly meetings – ongoing
Compliance with business rules for NTS Transition Amendment deed to TTA and OLT	Timely and effective implementation of all TAD requirements
Maintenance of system for communications and reporting between OLT and Kamco	Regular reporting in accordance with agreed regime Regular meetings at which TTA is also present

## 4.5. Build operational organisational capability

TTA's roles and functions must evolve continually as the NTS project progresses, especially as it moves into the operational phase of the NTS. TTA's ability to deliver on its objectives will depend on its capacity to manage its human resources, capture its corporate knowledge and reorganise its internal accountabilities and structures to fit these evolving roles and functions.

### Achievements

#### Human resource management

TTA regards its staff as its most important asset. The Human Resource Strategy provides a framework for the recruitment and retention of the highest calibre staff, the provision of a supportive working environment with opportunities for staff development, and the promotion of equality of opportunity. TTA is committed to equality, diversity and balance. This strategy has resulted in the selection and retention of high calibre people with relevant backgrounds in technical, commercial, financial, project management, marketing, communications and corporate support.

#### Knowledge management

The TTA's corporate knowledge resides with its employees, in its electronic information stores and in physical information collections. It needs to capture, keep and disseminate information, to harness the full strength of our corporate knowledge to meet our business requirements. The TTA recognises that, as a special purpose vehicle for the delivery of the NTS project, it may have a finite existence. However, its corporate knowledge will still be required. Consequently, the TTA has structured its records management framework and automated systems to facilitate migration of its corporate knowledge to a successor owner-organisation.



The nature and volume of information and records being created, exchanged, referenced and developed is changing continuously as the NTS project progresses. TTA has implemented programs to ensure that its electronic document and records management system is appropriately and adequately structured, and to progressively customise the standard software to better meet TTA's evolving needs and its statutory obligations.

## Implications and issues for 2006-09

### *Human resource management*

The dynamic phases of the NTS project pose a key challenge for the TTA's Human Resources Strategy. The TTA must rapidly scale its team up and down using relatively short term appointments to meet changing demands for specialist skills and capacity as the project progresses, while retaining essential corporate knowledge with the core staff.

### *Organisational development*

Organisation development will be a key issue during the outlook period. In mid-2006, TTA will commence restructuring the organisation and executive accountabilities to better align roles and responsibilities with the delivery phase of the NTS project. This will involve implementing ongoing skill and career development programs, to help individual employees take on continued roles in the 'operations' phase or pursue other career options.

During the Project Delivery Phase, the TTA's key roles and accountabilities are summarised as:

- *Contracts management and performance evaluation:* management of the NTS contract and major subcontracts, management of the OLT contract, and performance evaluation and reporting;
- *Risk management: systematic management of risks* relating to development, supply and operational commissioning of the NTS project and the successful transition from the existing ticketing system to the New Ticketing Solution,
- *Retail channel management:* development of the retail distribution channel strategy, and establishment of commercial contracts with a network of retail agents;
- *Cardholder-related business development:* exploration of opportunities to increase customer take-up of smartcards through development of new cardholder-related businesses;
- *Funds pool management:* establishment of processes and procedures for management and regulatory compliance of the funds pool
- *Policy development:* contribution of research conclusions and recommendations to the Public Transport Division, to assist in development of fares and ticketing policy
- *Stakeholder management:* maintenance of productive relationships with transit operators and other stakeholders to support a smooth transition to the NTS,
- *Customer care:* development of policies and procedures relating to customer privacy, resolution of customer complaints, concession management, and bulk issuance and distribution of smartcards.
- *Customer education programs:* development and implementation of customer education and communications programs to support the transition to the NTS.

In addition, preparation for the Operations Phase of the NTS has commenced. While Kamco will operate the NTS, the Government – as the client - still has a significant role to play. The principal 'client side' roles and accountabilities during the Operations Phase include:

- *Contract management*: the management of the NTS contract and associated sub-contracts, including risk management, performance evaluation and reporting, and negotiation of contract variations;
- *Funds pool management*: ongoing management of compliance with regulatory requirements, provision of ad hoc reconciliation reports, advice on settlement discrepancies and dispute resolution, credit management of solution participants, treasury management of the funds pool, records management and reporting;
- *Retail channel management*: development and refinement of the retail distribution channel strategy, management of the contracts with retail agents, and introduction of new products or programs across the retail network;
- *Technical services*: technical quality assurance and performance management, oversight of physical asset management, testing of all modifications and enhancements to the NTS, and provision of technical advice to support contract and risk management;
- *Transport-related business development*: exploration and development of new cardholder-related and transit-related applications and services that would be added to the NTS for the benefit of Victorians and other stakeholders, including feasibility evaluation, business case development, procurement and negotiations;
- *Policy and stakeholder management*: management of relations with transit operators and across Government, contribution to Government of technical ramifications associated with development of cardholder policy, contribution to development of fares policy, and development of policy and procedures in relation to privacy legislation;
- *Communications*: development of community education and communications programs to retain and increase customer base, management of communications with the media and enquiries from the general public;
- *Customer care*: oversight of call centre, development of customer complaints policy, resolution of escalated customer complaints, concession management, and management of the bulk issuance and distribution of smartcards;
- *Legal counsel*: fulfilment of Principal's Representative role for the NTS contract and other major contracts, provision of corporate and contractual legal advice, and management of corporate awareness of the policy, legislative and regulatory framework for the NTS;

The TTA's preparatory work aims to ensure that the 'client side' operating entity is established on time and is capable and ready to deliver seamlessly the transition to NTS operations in partnership with Kamco. In essence, this will require a TTA Operating entity. A key task will be to specify and gradually build these business processes and policies during the Delivery Phase – in particular: business processes and policies that integrate with Kamco operations; processes relating to Metlink, transit operators (and other scheme participants) and retail agents; and interfaces with other Government departments and agencies.

## Commitments

TTA will

- Develop and implement strategies to align its organisational structure with the needs of the 'delivery' and 'operations' phases, and prepare staff and stakeholders for their roles;
- Maintain its knowledge management processes to ensure knowledge is captured, communicated and can be migrated to success owner-organisation
- Continue to attract high calibre people from diverse backgrounds, recognising that TTA needs to pay market rates to attract and retain them



- Continue to engage consultants and contractors as appropriate to address quickly changing capability and capacity requirements due to the dynamic requirements of the NTS project phases, while retaining essential corporate knowledge through employing and retaining core staff

## Performance indicators

Indicator	Target
Finalise and implement organisation development strategy for 'solution delivery' phase	Q3 2006
Implement organisation structure for 'operations phase'	Transition 'ramp up' commenced Q4 2006 Steady state complement in place end 2007
Successfully complete second (final) round of required customisations to electronic document management system	Q1 2007
Complete TTA's series of permanent records in a format that can readily transfer to the next owner-organisation: <ul style="list-style-type: none"> <li>• 'soft-close'</li> <li>• final</li> </ul>	Q3 2008 Q4 2008

## 4.6. Manage risks and resources

### 4.6.1. Risk management

Effective monitoring and mitigation of the major risks faced by the TTA relating to the NTS project.

#### Achievements

The NTS procurement and funding strategy, and associated risk allocation, formed an integral part of the risk management strategy for the NTS project. These strategies were rigorously reviewed as part of the Government processes for approving the progress of the NTS project. TTA received favourable reviews from the Department of Treasury and Finance's Gateway Review team by the Department of Infrastructure Project Review Committee (PRC) and ultimately by the Government Expenditure Review Committee (ERC).

The ticketing industry is renowned for lengthy delays and costs caused by legal challenges to tender and evaluation processes. The tender process was therefore conducted under a rigorous probity regime. The Probity Auditor's final report confirmed that probity integrity had been maintained throughout the tender process.

The RFT was strongly outcome-based, with a broad warranty regime, including a 'Fit for Purpose' requirement. These concepts represented a ground-breaking approach to the development of an integrated smartcard ticketing system. They were designed to ensure that the onus remains on the successful contractor to deliver a solution that meets, and continues to meet, the requirements set out in the tender, industry best practice and Victorian's need for a world class fare payment system. This has been reinforced through the 'solution requirements definition' phase of the project.

In another significant development for the ticketing industry, TTA developed and tested an 'open architecture technology model'. Traditionally, ticketing systems and equipment have used proprietary systems interfaces. The NTS's open architecture will enable systems and equipment from a variety of manufacturers to interface with each other in the same operating architecture. This reduces the risk that the State will be 'locked in' to a potentially under-performing incumbent supplier, and therefore unable to achieve value for money over the full contract term.

In addition, Kamco is applying an integrated and phased approach to the development of the NTS. This enables early visibility and incremental verification and testing reducing the risk that the delivered solution will not meet TTA's objectives.

#### Implications and issues for 2006-09

##### *Review of alleged probity breach*

Shortly after the announcement of the award of the NTS contract, allegations emerged in the media of a probity breach during the tender evaluation process. The allegations related to leaking of certain financial analysis working papers created some months before the final decisions on award of the NTS contract.

The TTA had made every effort to ensure the highest standards of probity at every stage of the tendering process. Nonetheless, the TTA Audit Committee immediately commissioned probity and forensic investigations to determine whether, in the light of the allegations, the tender process had been compromised. The Minister for Transport also asked the Auditor General to conduct an external review of this matter.

The TTA Probity Auditor's investigations reconfirmed the integrity of the tender process. The forensic investigations undertaken by PricewaterhouseCoopers did not establish when the information was acquired by the media. Further, it was PricewaterhouseCoopers' view that the financial information was of no commercial value in July 2005, and that it appeared that a primary motivation for the leak would have been to embarrass the TTA or Government after the contract had been awarded. The Auditor General has yet to conclude his investigation.

## Management of other NTS project risks

The NTS procurement and funding strategy mitigated, minimised or transferred many risks to Kamco. Nonetheless, significant risks remain following contract award. These include the risk of delays to the development, supply and operational commissioning of the NTS, and the risk that customers do not accept the NTS. Consequently, risk management will continue to be at the forefront of TTA's operations and management during the outlook period.

The TTA has established a comprehensive policy for identifying, monitoring and managing risks, consistent with the Australian and New Zealand Risk Management Standard (AS/NZS 4360). The TTA uses Program Management Office (PMO) reporting via Risk Radar, a comprehensive risk management software application, to register and manage risks. Risks registered in Risk Radar are reviewed on a regular basis at management level, and reported to the TTA's Audit Committee quarterly.

The TTA has established a management structure for the NTS project that supports effective management of risk.

- The Project Management Group (PMG), chaired by the Chief Executive, meets weekly to coordinate management of the NTS project and related activities. This group is responsible for issues identification and clearance, oversight of all project reporting (program and finance), risk monitoring and consideration of Contractor's reports.
- The Program Management Office supports the PMG. The PMO assists in initiating, monitoring and aligning projects and related activities that are need to create the NTS or to effect this change. It monitors and reports on the status of projects, and supports risk and issue management processes.
- The Project Control Group, which comprises senior representatives of TTA and Kamco, provides a monthly forum for timely and effective issues resolution.

## Commitments

- TTA will continue to give high priority to systematic management of issues and risks that may adversely affect the achievement of its outcomes.

## Performance indicators

Indicator	Target
Timeliness of issues and risk reporting <ul style="list-style-type: none"> <li>- To PMG</li> <li>- To PCG</li> <li>- To Audit Committee</li> </ul>	Reports provided quarterly  Weekly Monthly Quarterly

## 4.6.2. Financial management

TTA's financial governance arrangements are based on the principles of integrity and accountability. They cover structures and processes for decision-making, financial accountability, control and behaviour throughout the organisation.

### Achievements

The TTA has established and maintains its financial management policies and procedures in accordance with the *Audit Act 1994*, the *Financial Management Act 1994* and regulations, the Standing Directions of the Minister for Finance ('the Directions') and the Financial Reporting Directions. The Directions aim to promote responsible financial management across the Victorian Public Sector by prescribing a series of mandatory and recommended 'best practice' procedures to supplement the *Financial Management Act 1994*.

Within this context, the Government's Financial Management Compliance Framework provides a robust framework for ensuring effective and accountable financial management. TTA complies with this 'best practice' framework.

The TTA Financial Code of Practice sets out procurement rules and financial authorisations to ensure that public funds and resources are used economically and with due propriety, and to facilitate budgetary control and monitoring. All significant expenditure must be approved by the CEO while major expenditure or acquisitions require Board approval. The procurement rules and financial authorisations are reviewed by the Board at least annually.

Monthly financial management reports further enhance expenditure control. The Board, CEO and Executive team are provided with detailed and summary reports within several days of month-end. These reports provide monthly, year-to-date and forecast expenditure against corresponding budgets at 'project', cost centre and entity levels.

The TTA adopted the International Financial Reporting Standards (A-IFRS) from 1 July 2005.

TTA has outsourced its program of internal audit of TTA's financial management practices and policies to William Buck, Chartered Accountants.

### Issues and implications for 2006-09

It is presently expected that the TTA will take ownership of the equipment associated with the Automatic Ticketing System (ATS) under the provisions in the contract with OLT, on 1 March 2007 – the original expiry date of the OLT contract. As part of this process, the TTA will work with Metlink to manage the efficient conduct of a stocktake of the extensive OLT equipment, to record the assets in its financial accounts.

In addition, as the NTS is implemented, the TTA will be responsible for the NTS Funds Pool arising from stored value on customers' smartcards, which will be held under prudential guidelines, and for compliance with prudential regulations. The TTA will develop its planning and resources to meet these emerging requirements.

### Commitments

- TTA will plan and manage the conduct of a comprehensive stocktake and revaluation of ATS equipment as part of its acquisition
- Develop and resource the Funds Pool management function
- Continue to comply with all statutory and professional financial reporting requirements, and sound financial management practices and controls
- Ensure efficient use of resources in accordance with Government's policies for public accountability and financial transparency.

### Performance indicators

Indicator	Target
Complete a stocktake of ATS equipment	By 30 June 2007
Establish the Funds Pool management function and meet all regulatory requirements	In accordance with Transition Plan schedule and statutory and regulatory requirements
Compliance with all statutory financial management and reporting requirements	No VAGO qualifications

### 4.6.3. Environment management

#### Achievements

The Government is committed to reducing office-based environmental impacts from: energy use from buildings and facilities, waste production, paper consumption, transportation and water consumption.

TTA has implemented a number of strategies to reduce paper consumption, and minimise paper waste. All printers have been set to print double-sided by default. In addition, TTA's electronic document management system is helping to reduce paper consumption by providing access to, and encouraging greater reliance on, electronic document formats.

#### Strategies

TTA intends to:

- Continue to promote efficient resource use
- Continue to encourage greater reliance on electronic document formats

### Performance indicators

During the outlook period, TTA will undergo considerable organisational 'growth'. This makes setting specific performance indicators for environmental performance unrealistic at this time.

## 5. Key planning assumptions

### Kamco's performance

TTA's business targets for the NTS project are driven by the project milestones and deliverables as set under the contract with Kamco and the project master schedule. Satisfactory completion of these project milestones and deliverables by the target dates will be challenging, and their achievement will represent world's best practice for delivery of a smartcard solution to a comparable environment. Nevertheless, TTA will not compromise the high standards required to be delivered for the sake of meeting a target date.

### TTA accountabilities and functions

TTA currently outsources a number of its corporate finance functions (such as financial system administration and payroll), to the Department of Infrastructure. In addition, under the Metlink Services Agreement, Metlink acts as the TTA's agent in managing the OLT ticketing contract – including in managing the retail agent network. The TTA would need to revisit its forecasts if either of these arrangements were to change, or if any other unforeseen requirement arose.

### Additional applications of the NTS

The forecasts assume that, once the NTS is operational, the TTA will continue to fulfil the State's obligations for managing the NTS contract and Kamco's performance, and managing the operation of the ticketing solution.

However it is also envisaged that the TTA will seek to extract further value from the State's investment in the NTS through the development of other government and commercial applications. The forecasts do not include resource requirements associated with these additional applications. Separate business cases will be developed, reviewed and where appropriate approved by the relevant authorities for these opportunities.

## 6. Financial forecasts

The TTA reports biannually to the Minister for Transport and the Treasurer on its financial results and progress against the performance targets in the corporate plan. Additional reports and briefs on key issues or circumstances that could affect implementation of the corporate plan are submitted to the Minister and the Treasurer as and when they arise.

### Performance indicators

The specific nature of the TTA structure, activities and funding mean that few standard commercial financial performance indicators are relevant to TTA. Nevertheless, TTA strives to achieve sound financial management and optimal operational efficiency performance. Accordingly, it has adopted the following financial performance indicators.

Performance Indicator	Target
Outturn variance from budgeted operating expenditure	Within +/- 5% of budget for total operating expenditure
NTS project expenditure as a result of materialised risks	Expenditure within approved provisions for risk

## Business plan 2006/07

### 1. Objectives and strategies

TTA's objectives and strategies are set out in detail in its corporate plan. The principal strategies for 2006/07 are highlighted below.

#### Deliver a world class ticketing solution

- Buy and configure proven hardware and software components
- Deliver the solution through a number of iterations so that early visibility is achieved and risk is reduced
- Test, test, test: and continue its testing program throughout the development and delivery phase of the project, to ensure the solution ultimately delivered is proven before it is rolled out to Victoria
- Oversee the appointment of civil works contractors by Kamco
- Oversee Kamco's implementation of the detailed plan for transition to the NTS, including roll out of new equipment and decommissioning of the existing OLT equipment, and manage the corresponding interfaces impacting on the TTA, ensuring minimal disruption for customers and operators

#### Build trust and acceptance

- Maintain close working relationships with public transport operators to ensure alignment of efforts and efficient collaboration throughout the design, development and implementation of the NTS
- Deepen its understanding of customer needs, attitudes and behaviour, and track customer attitudes and trends, as the basis for developing and implementing carefully customised and targeted education and information campaigns to support customer migration to the New Ticketing Solution; and
- Implement its strategy for creating the best brand environment for the NTS smartcard.

#### Card issuance and distribution

- Establish and maintain several alternate channels that deliver convenience for customers and a commercial value proposition for operators, partners and the TTA
- Ensure that card purchasing, registration and personalisation processes are in place, and cards are issued, in time to support the customer migration strategy
- Explore opportunities for the potential development and exploitation of commercial and other Government-related opportunities to extract further value from the NTS infrastructure

#### Management of OLT contract

- Continue to work cooperatively with its agent Metlink to ensure maintenance of high performance standards for the existing OLT ticketing system until that system is decommissioned

#### Build organisational capacity

- Develop and implement strategies to align its organisational structure with the needs of the 'delivery' and 'operations' phases, and prepare staff and stakeholders for their roles;

- Maintain TTA knowledge management processes to ensure knowledge is captured, communicated and can be migrated to success owner-organisation
- Continue to attract high calibre people from diverse backgrounds, recognising that TTA needs to pay market rates to attract and retain them
- Continue to engage consultants and contractors as appropriate to address quickly changing capability and capacity requirements due to the dynamic requirements of the NTS project phases, while retaining essential corporate knowledge through employing and retaining core staff

### Manage risk and resources

- Continue to give high priority to systematic management of issues and risks that may adversely affect the achievement of its outcomes.
- Plan and manage the conduct of a comprehensive stocktake and revaluation of ATS equipment as part of its acquisition
- Develop and resource the Funds Pool management function
- Continue to comply with all statutory and professional financial reporting requirements, and sound financial management practices and controls
- Ensure efficient use of resources in accordance with Government's policies for public accountability and financial transparency.
- Continue to encourage greater reliance on electronic document formats

## 2. Key performance indicators

TTA's major performance indicators for 2006/07 are set out below.

Indicator	Target
<b>Deliver a world class solution</b>	
Completion of deliverables for each Phase of the project by the Contractor, such that the Solution will be: <ul style="list-style-type: none"> <li>• 'Fit For Solution Purpose' with,</li> <li>• Each Milestone date achieved on time,</li> <li>• Without additional cost.</li> </ul>	Deliverables completed in line with agreed Project Master Schedule as it develops during all Phases of the NTS Project.
Central body implementation completed	Testing completed by Q2 2007 Data integrity maintained Stakeholders confirm reporting meets requirements



Indicator	Target
<b>Build trust and acceptance</b>	
Operator commitment to the NTS and cooperation	Commitment and cooperation maintained throughout development of and transition to the NTS
Complete market research and analysis	Studies completed in line with program time frames and budgets
<b>Card issuing and distribution</b>	
Complete research into retail distribution network and analysis of results	Research completed by Q4 2006
Complete development of retail network strategy	Strategy completed by Q1 2007
Explore potential commercial and other Government-related opportunities to extract further value from the NTS infrastructure	Ongoing
<b>Manage OLT contract</b>	
Customer Defined Availability (CDA) levels for existing OneLink system	Maintain current levels (99.7% CDA) up to the transition period
Cooperative relationship with OLT	Weekly meetings – ongoing
Compliance with business rules for NTS Transition Amendment Deed (TAD) to TTA and OLT	Effective and timely execution of each TAD installation
Maintenance of system for communications and reporting between OLT and Kamco	Regular reporting in accordance with agreed regime Regular meetings at which TTA is also present
<b>Build organisational capability</b>	
Finalise and implement organisation development strategy for 'delivery' phase	Q3 2006
Implement organisation structure for 'operations phase'	Transition 'ramp up' commenced Q4 2006 Steady state complement in place mid 2007
Successfully complete second (final) round of required customisations to electronic document management system	Q1 2007

Indicator	Target
<b>Manage risk and resources</b>	
Timeliness of risk reporting to Audit Committee	Reports provided quarterly
Complete a stocktake of ATS equipment	By 30 June 2007
Establish the Funds Pool management function and meet all regulatory requirements	In accordance with Transition Plan schedule and statutory and regulatory requirements
Compliance with all statutory financial management and reporting requirements	No VAGO qualifications
Outturn variance from budgeted operating expenditure	Within +/- 5% of budget for total operating expenditure
NTS project expenditure as a result of materialised risks	Expenditure within approved provisions for risk

## Conclusion

TTA's work to date has largely been 'behind the scenes' and not visible to most Victorians. Over the coming year, Victorians will start to see the first evidence of the project roll out, as the NTS equipment is installed on vehicles, in stations and transport interchanges, and the simplicity of smartcards become apparent. TTA will continue to work collaboratively with the Transport Operators, central Government agencies and Metlink to ensure that the transition from the existing ticketing system to the new smartcard solution is as smooth and convenient as possible.